

TENNESSEE GENERAL ASSEMBLY
FISCAL REVIEW COMMITTEE



FISCAL NOTE

SB 1566 - HB 1979

February 1, 2016

SUMMARY OF BILL: Expands the definition of “educational institution” to include those approved to operate by a local board of education, the Achievement School District, or the State Board of Education for the purposes of the Charitable Solicitations Act, thus permitting such institutions to be exempt from registering with the Division of Charitable Solicitations. Authorizes charitable organizations, that are required to annually register with the Secretary of State’s office in order to solicit funds within the state, to be granted an additional 60-day filing extension for renewal applications, provided the organization can show proof that it has been allowed an extension on its federal tax return by the Internal Revenue Service.

ESTIMATED FISCAL IMPACT:

Decrease State Revenue – \$51,600/Secretary of State

Assumptions:

- A small number of additional institutions will become exempt from registering and paying registration fees; resulting in a recurring decrease in revenue to the Secretary of State’s Office.
- The Secretary of State (SOS) is unable to provide an exact number of institutions that would become exempt as a result of this bill. However, the SOS indicates that lost revenue applicable to registration fees currently received could range from a minimum of \$800 up to approximately \$2,400.
- The recurring decrease in application fee revenue to the SOS is reasonably estimated to average \$1,600 $[(\$800 + \$2,400)/2]$ per year.
- Based on information from the Secretary of State, in FY14-15, 3,602 organizations received a 90-day filing deadline extension. Of these, 2,597 registered two or more months later and paid a \$50 late fee.
- This bill will grant eligible organizations an additional 60 days to file their renewal application.
- According to the SOS, approximately 2,000 organizations will qualify for a second extension thus allowing any applicable late fees to be reduced.
- Based on information provided by the SOS, the average reduction to a late fee payment is estimated to be \$25.
- The recurring decrease in state revenue as a result of organizations paying reduced late fees is estimated to be \$50,000 $(2,000 \times \$25)$.

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- The total recurring decrease in state revenue to the SOS is estimated to be \$51,600 (\$50,000 + \$1,600).

CERTIFICATION:

The information contained herein is true and correct to the best of my knowledge.

A handwritten signature in blue ink that reads "Krista M. Lee". The signature is written in a cursive, flowing style.

Krista M. Lee, Executive Director

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